Exhibit D

Part 2 of 2

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

From time to time, we are involved in various legal proceedings arising from the normal course of business activities. We are not presently a party to any litigation the outcome of which, if determined adversely to us, would individually or in the aggregate have a material adverse effect on our business, operating results or financial condition.

Item 1A. Risk Factors

Investments in the equity securities of publicly traded companies involve significant risks. Our business, prospects, financial condition or operating results could be materially adversely affected by any of these risks, as well as other risks not currently known to us or that we currently consider immaterial. The trading price of our common stock could decline due to any of these risks, and you may lose all or part of your investment. In assessing the risks described below, you should also refer to the information contained in this report on Form 10-Q, including our consolidated financial statements and the related notes, before deciding to purchase any shares of our common stock.

We depend on the adoption of advanced technologies by cable operators and telephone companies for substantially all of our net revenues, and any decrease or delay in capital spending for these advanced technologies would harm our operating results, financial condition and cash flows.

Substantially all of our sales are dependent upon the adoption of advanced technologies by cable operators and telephone companies, and we expect these sales to continue to constitute a significant majority of our sales for the foreseeable future. Demand for our products will depend on the magnitude and timing of capital spending by service providers on advanced technologies for constructing and upgrading their network infrastructure, and a reduction or delay in this spending could have a material adverse effect on our business.

The capital spending patterns of our existing and potential customers are dependent on a variety of factors, including:

- available capital and access to financing;
- annual budget cycles;
- overall consumer demand for video, voice and data services and the acceptance of newly introduced services;
- competitive pressures, including pricing pressures;
- the impact of industry consolidation;
- the strategic focus of our customers and potential customers;
- technology adoption cycles and network architectures of service providers, and evolving industry standards that may impact them;
- the status of federal, local and foreign government regulation of telecommunications and television broadcasting, and regulatory approvals that our customers need to obtain;
- discretionary customer spending patterns;
- bankruptcies and financial restructurings within the industry; and
- general economic conditions.

Any slowdown or delay in the capital spending by service providers as a result of any of the above factors would likely have a significant impact on our quarterly revenue and profitability levels.

Our operating results are likely to fluctuate significantly and may fail to meet or exceed the expectations of securities analysts or investors or our guidance, causing our stock price to decline.

Our operating results have fluctuated in the past and are likely to continue to fluctuate, on an annual and a quarterly basis, as a result of a number of factors, many of which are outside of our control. These factors include:

- the level and timing of capital spending of our customers, both in the United States and in international markets;
- the timing, mix and amount of orders, especially from significant customers;
- changes in market demand for our products;
- our ability to secure significant orders from telephone companies;
- our mix of products sold between video products, which generally have higher margins, and our cable modem termination system, or CMTS, data products, which generally have lower margins;
- the mix of software and hardware products sold;
- our unpredictable and lengthy sales cycles, which typically range from nine to eighteen months;
- the timing of revenue recognition on sales arrangements, which may include multiple deliverables;
- new product introductions by our competitors;
- market acceptance of new or existing products offered by us or our customers;
- competitive market conditions, including pricing actions by our competitors;
- our ability to complete complex development of our software and hardware on a timely basis;
- our ability to design, install and receive customer acceptance of our products;
- unexpected changes in our operating expense;
- the potential loss of key manufacturer and supplier relationships;
- the cost and availability of components used in our products;
- changes in domestic and international regulatory environments; and
- the impact of new accounting rules.

We establish our expenditure levels for product development and other operating expense based on projected sales levels, and our expenses are relatively fixed in the short term. Accordingly, variations in the timing of our sales can cause significant fluctuations in operating results. As a result of all these factors, our operating results in one or more future periods may fail to meet or exceed the expectations of securities analysts or investors or our guidance, which would likely cause the trading price of our common stock to decline substantially.

We anticipate that our gross margins will fluctuate with changes in our product mix and expected decreases in the average selling prices of our products, which may adversely impact our operating results.

Our industry has historically experienced a decrease in average selling prices. We anticipate that the average selling prices of our products will decrease in the future in response to competitive pricing pressures, increased sales discounts and new product introductions by our competitors. We may experience substantial decreases in future operating results due to the decrease of our average selling prices. To maintain our gross margin levels, we must develop and introduce on a timely basis new products and product enhancements as well as continually reduce our product costs. Our failure to do so would likely cause our revenue and gross margins to decline, which could have a material adverse effect on our operating results and cause the price of our common stock to decline. We also anticipate that our gross margins will fluctuate from period to period as a result of the mix of products we sell in any

given period, with our video products generally yielding higher gross margins than our data products. If our sales of these lower margin products significantly expand in future quarterly periods, our overall gross margin levels and operating results would be adversely impacted.

Our continued growth will depend significantly on our ability to deliver products that help enable telephone companies to provide video services. If the projected growth in demand for video services from telephone companies does not materialize or if these service providers find alternative methods of delivering video services, future sales of our video products will suffer.

Prior to 2006, our sales were principally to cable operators. In 2006 and 2007, however, we generated significant sales from telephone companies. Our growth is dependent on our ability to sell video products to telephone companies that are increasingly reliant on the delivery of video services to their customers. Although a number of our existing products are being deployed in these networks, we will need to devote considerable resources to obtain orders, qualify our products and hire knowledgeable personnel to address telephone company customers, each of which will require significant time and financial commitment. These efforts may not be successful in the near future, or at all. If technological advancements allow these telephone companies to provide video services without upgrading their current system infrastructure or that allow them a more cost-effective method of delivering video services than our products, projected sales of our video products will suffer. Even if these providers choose our video products, they may not be successful in marketing video services to their customers, in which case additional sales of our products would likely be reduced.

Selling successfully to the telephone company market will be a significant challenge for us. Several of our largest competitors have mature customer relationships with many of the largest telephone companies, while we have limited recent experience with sales and marketing efforts designed to reach these potential customers. In addition, telephone companies face specific network architecture and legacy technology issues that we have only limited expertise in addressing. If we fail to penetrate the telephone company market successfully, our growth in revenues and operating results would be correspondingly limited.

Our customer base has become increasingly concentrated, and there are a limited number of potential customers for our products. The loss of any of our key customers would likely reduce our revenues significantly.

Historically, a large portion of our sales have been to a limited number of customers. Sales to our five largest customers accounted for approximately 82.9% of our net revenues in the three months ended March 31, 2007, and approximately 71.1% of our net revenues in the three months ended March 31, 2006. In the three months ended March 31, 2007, Cablevision, Cox Communications, Time Warner Cable and Verizon each represented 10% or more of our net revenues. In the three months ended March 31, 2006, Adelphia, Comcast, Cox and Verizon each represented 10% or more of our net revenues.

We anticipate that a large portion of our revenues will continue to depend on sales to a limited number of customers, and we do not have contracts or other agreements that guarantee continued sales to these or any other customers. In addition, as the consolidation of ownership of cable operators and telephone companies continues, we may lose existing customers and have access to a shrinking pool of potential customers. We expect to see continuing industry consolidation and customer concentration due to the significant capital costs of constructing video, voice and data networks and for other reasons. For example, Adelphia, formerly the fifth largest cable company in the United States, which accounted for 13.8% of our net revenue in the three months ended March 31, 2006, was sold in 2006 to Comcast and Time Warner Cable, the two largest U.S. cable operators. Further business combinations may occur in our customer base which will result in increased purchasing leverage by these customers over us. This may reduce the selling prices of our products and services and as a result may harm our business and financial results. Many of our customers desire to have two sources for the products we sell to them. As a result, our future revenue opportunities could be limited, and our profitability could be adversely impacted. The loss of, or reduction in orders from, any of our key customers would significantly reduce our revenues and have a material adverse impact on our business, operating results and financial condition.

The timing of a significant portion of our net revenues is dependent on complex systems integration.

We derive a significant portion of our net revenues from sales that include the network design, installation and integration of equipment, including equipment acquired from third parties to be integrated with our products to the specifications of our customers. We base our revenue forecasts on the estimated timing to complete the network design, installation and integration of our customer projects and customer acceptance of those products. The systems of our customers are both diverse and complex, and our ability to configure, test and integrate our systems with other elements of our customers' networks is dependent upon technologies provided to our customers by third parties. As a result, the timing of our revenue related to the implementation of our product applications in these

complex networks is difficult to predict and could result in lower than expected revenue in any particular quarter. Similarly, our ability to deploy our equipment in a timely fashion can be subject to a number of other risks, including the availability of skilled engineering and technical personnel, the availability of equipment produced by third parties and our customers' need to obtain regulatory approvals.

If revenues forecasted for a particular period are not realized in such period due to the lengthy, complex and unpredictable sales cycles of our products, our operating results for that or subsequent periods will be harmed.

The sales cycles of our products are typically lengthy, complex and unpredictable and usually involve:

- a significant technical evaluation period;
- a significant commitment of capital and other resources by service providers;
- substantial time required to engineer the deployment of new technologies or new video, voice and data services;
- substantial testing and acceptance of new technologies that affect key operations; and
- substantial test marketing of new services with subscribers.

For these and other reasons, our sales cycles generally have been between nine and eighteen months, but can last longer. If orders forecasted for a specific customer for a particular quarter do not occur in that quarter, our operating results for that quarter could be substantially lower than anticipated. Our quarterly and annual results may fluctuate significantly due to revenue recognition policies and the timing of the receipt of orders.

We were not profitable in the three months ended March 31, 2007 and we may not be able to achieve and sustain profitability in future periods.

In the three months ended March 31, 2007 we were not profitable. While we were profitable in our 2006 fiscal year, we may not be able to return to profitability. We are continuing to incur increased research and development, sales and marketing and general and administrative expenses, which impact our ability to sustain profitability in future fiscal quarters or achieve profitability on an annual basis in the future.

Our independent registered public accountants have identified and reported to us material weaknesses in our internal controls for the years ended December 31, 2004 and 2005, that, if not properly remediated, could result in material misstatements in our financial statements in future periods and impair our ability to comply with the accounting and reporting requirements applicable to public companies.

In 2004 and 2005, in connection with the audits of our consolidated financial statements, our independent registered public accounting firm identified material weaknesses in our internal control over financial reporting under the standards established by the American Institute of Certified Public Accountants. Our independent registered public accounting firm has indicated that the material weaknesses in our revenue recognition process and financial statement closing process resulted from having insufficient procedures in place and an insufficient number of qualified resources in our finance department with the required proficiency to apply our accounting policies in accordance with U.S. generally accepted accounting principles, or GAAP. Our independent registered public accounting firm was not, however, engaged to audit the effectiveness of our internal control over financial reporting. If such an evaluation had been performed or when we are required to perform such an evaluation, additional material weaknesses, significant deficiencies and other control deficiencies may have been or may be identified. Ensuring that we have adequate internal financial and accounting controls and procedures in place to help produce accurate financial statements on a timely basis is a costly and time-consuming effort that needs to be evaluated frequently. We will incur increased costs and demands upon management as a result of complying with the laws and regulations affecting public companies, which could adversely affect our operating results.

Because of these material weaknesses, there is heightened risk that a material misstatement of our annual or quarterly financial statements will not be prevented or detected. While we have completed our remediation efforts to address these material weaknesses, we cannot assure you that these remediation efforts have been entirely successful or that similar material weaknesses will not recur. As a newly public company, we will be required to comply with the requirements of Section 404 of the Sarbanes-Oxley Act of 2002 as of December 31, 2008 and subsequent fiscal years. If we fail to maintain proper and effective internal controls in future periods, it could adversely affect our operating results, financial condition and our ability to run our business effectively and could cause investors to lose confidence in our financial reporting.

If we do not adequately manage and evolve our financial reporting and managerial systems and processes, our operating results and financial condition may be harmed.

Our ability to successfully implement our business plan and comply with regulations applicable to being a public reporting company requires an effective planning and management process. We expect that we will need to continue to improve existing, and implement new, operational and financial systems, procedures and controls to manage our business effectively in the future. Any delay in the implementation of, or disruption in the transition to, new or enhanced systems, procedures or controls, could harm our ability to accurately forecast sales demand, manage our supply chain and record and report financial and management information on a timely and accurate basis. In addition, the successful enhancement of our operational and financial systems, procedures and controls will result in higher general and administrative costs in future periods, and may adversely impact our operating results and financial condition.

In connection with our implementation, in the third quarter of 2006, of more stringent controls related to contracts for providing customer support, we discovered that certain end users in China maintained that they were entitled to Company-provided support, while our contracts with these customers did not provide for customer support. In response, the Audit Committee of our Board of Directors conducted an independent investigation of the matter, employing independent counsel and an independent accounting firm. The investigation, which was completed in December 2006, found numerous instances in which resellers of our product applications in China, with the understanding and approval of our China personnel, agreed to provide technical support, extended warranty terms and potentially other undefined terms without proper documentation and without communicating these arrangements to our legal and finance departments. As a result, we were required to deferred revenues from some customers in China. The deferred revenue will be recognized in future periods if we satisfy all of the elements of our revenue recognition criteria. Our controls previously in place did not prevent these occurrences and we have therefore implemented a number of additional controls and remedial actions to ensure the appropriate accounting of future transactions and control over contracts with end users in China. In the event that we have not adequately implemented these additional controls and remedial actions, additional material weaknesses could be identified and could cause investors to lose confidence in our financial reporting.

We may not accurately anticipate the timing of the market needs for our products and develop such products at the appropriate times, which could harm our operating results and financial condition.

Accurately forecasting and meeting our customers' requirements is critical to the success of our business. Forecasting to meet customers' needs is particularly difficult in connection with newer products and products under development. Our ability to meet customer demand depends on our ability to configure our product applications to the complex architectures that our customers have developed, the availability of components and other materials and the ability of our contract manufacturers to scale their production of our products. Our ability to meet customer requirements depends on our ability to obtain sufficient volumes of these components and materials in a timely fashion. If we fail to meet customers' supply expectations, our net revenues will be adversely affected, and we will likely lose business. In addition, our priorities for future product development are based on our expectations of how the market for video, voice and data services will continue to develop in the United States and in international markets. If the market for such services develops more rapidly than we anticipate, then our product development efforts may be behind, which may result in our being unable to recoup our capital spent on product development as a result of a missed market opportunity. Conversely, if the market develops more slowly than we anticipate, we may find that we have expended significant capital on product development prior to our being able to generate any revenues for those products. If we are unable to accurately time our product introductions to meet market demand, it could have a material adverse impact on our operating results and financial condition.

In addition, if actual orders are materially lower than the indications we receive from our customers, our ability to manage inventory and expenses will also be harmed. If we enter into purchase commitments to acquire components and materials, or expend resources to manufacture products, and those products are not purchased by our customers when expected, our business and operating results could suffer.

We need to develop and introduce new and enhanced products in a timely manner to remain competitive, and our product development efforts require substantial research and development expense.

The markets in which we compete are characterized by continuing technological advancement, changes in customer requirements and evolving industry standards. To compete successfully, we must design, develop, manufacture and sell new or enhanced products that provide increasingly higher levels of performance and reliability and meet the cost expectations of our customers. Our product development efforts require substantial research and development expense. Research and development expense in the three months ended March 31, 2007 was $13.1 million and in the three months ended March 31, 2006 was $8.3 million. There can be no assurance that we will achieve an acceptable return on our research and development efforts.

We are currently developing a modular cable modem termination system, or M-CMTS, that we believe will be important for our future revenue growth and operating results. If we fail to deliver our M-CMTS product to market in a timely and cost-effective manner, or if our M-CMTS product fails to operate with all the functionality our customers expect, our future operating results would be harmed. Likewise, new technologies, standards and formats are being adopted by our customers. While we are in the process of developing products based on many of these new formats in order to remain competitive, we do not have such products at this time and cannot be certain when, if at all, we will have products in support of such new formats.

Our future growth depends on market acceptance of several emerging video, voice and data services, on the adoption of new network architectures and technologies and on several other industry trends.

Future demand for our products will depend significantly on the growing market acceptance of several emerging video, voice and data services, including high-speed data services; HDTV; addressable advertising; video delivered over telephone company networks; and VoIP.

The effective delivery of these services will depend on service providers developing and building new network architectures to deliver them. If the introduction or adoption of these services or the deployment of these networks is not as widespread or as rapid as we or our customers expect, our revenue growth will be limited.

Furthermore, we expect the extent and nature of regulatory attitudes towards issues such as competition among service providers, access by third parties to networks of other service providers and new services such as VoIP to impact our customers' purchasing decisions. If service providers do not pursue the opportunity to offer integrated video, voice and data services as aggressively as we expect, our revenue growth would be limited.

The markets in which we operate are intensely competitive, and many of our competitors are larger, more established and better capitalized than we are.

The markets for selling network-based hardware and software products to service providers are extremely competitive and have been characterized by rapid technological change. In the CMTS market, we compete principally with Cisco Systems, Motorola and Arris. In the video market, we compete broadly with system suppliers including Harmonic, Motorola, Scientific Atlanta (a division of Cisco Systems), SeaChange International, Tandberg Television (which recently announced that it will be acquired by Ericsson), Terayon Communication Systems (which recently announced that it will be acquired by Motorola) and a number of smaller companies. We may not be able to compete successfully in the future, which may harm our business.

Many of our competitors are substantially larger and have greater financial, technical, marketing and other resources than us. Given their capital resources, many of these large organizations are in a better position to withstand any significant reduction in capital spending by customers in these markets. They often have broader product lines and market focus and are not as susceptible to downturns in a particular market. In addition, many of our competitors have been in operation much longer than we have and therefore have more long-standing and established relationships with domestic and foreign service providers. If any of our competitors' products or technologies were to become the industry standard, our business would also be seriously harmed. If our competitors are successful in bringing their products to market earlier, or if their products are more technologically capable than ours, then our sales could be materially adversely affected.

Recently, we have seen rapid consolidation among our competitors, such as Cisco's acquisition of Scientific Atlanta, purchases of VOD solutions by each of Cisco, Harmonic and Motorola, and Motorola's acquisition of Terayon. In addition, some of our competitors have entered into strategic relationships with one another to offer a more comprehensive solution than would be available individually. We expect this trend to continue as companies attempt to strengthen or maintain their market positions in the evolving industry for video. Many of the companies driving this consolidation trend have significantly greater financial, technical and other resources than we do, and are much better positioned than we are to offer complementary products and technologies. These combined companies may offer more compelling product offerings and be able to offer greater pricing flexibility, making it more difficult for us to compete while sustaining acceptable gross margins. Finally, continued industry consolidation may impact customers' perceptions of the viability of smaller companies, which may affect their willingness to purchase products from us. These competitive pressures could harm our business, operating results and financial condition.

In the event that certain of our competitors integrate products performing functions similar to our products into their existing network infrastructure offerings, our existing and potential customers may decide against using our products in their networks, which would harm our business.

Other providers of network-based hardware and software products are offering or announcing functionality aimed at solving similar problems addressed by our products. For example, several vendors have recently announced their intention to develop a switched broadcast product application. The inclusion of, or the announcement of the intent to include, functionality perceived to be similar to our product offerings in our competitors' products that have been accepted as necessary components of network architecture may have an adverse effect on our ability to market and sell our products. Furthermore, even if the functionality offered by other network infrastructure providers is more limited than our products, a significant number of customers may elect to accept such limited functionality in lieu of adding components from a different vendor. Many of our existing and potential customers have invested substantial personnel and financial resources to design and operate their networks and have mature relationships with other providers of network infrastructure products, which may make them reluctant to add new components to their networks, particularly from new vendors. In addition, our customers' other vendors with a broader product offering may be able to offer pricing or other concessions that we are not able to match because we currently offer a more modest suite of products and have fewer resources. If our existing or potential customers are reluctant to add network infrastructure from new vendors or otherwise decide to work with their existing vendors, our business, operating results and financial condition will be adversely affected.

We need to develop additional distribution channels to market and sell our products.

The majority of our sales to date have been direct sales to large cable operators in North America. Our video products have been traditionally sold to large cable operators with recent sales to telephone companies. We have not focused on smaller service providers and have had only limited access to service providers in certain international markets, including Asia and Europe. Although we intend to establish strategic relationships with leading distributors worldwide in an attempt to reach new customers, we may not succeed in establishing these relationships. Even if we do establish these relationships, the distributors may not succeed in marketing our products to their customers. Some of our competitors have established long-standing relationships with cable operators and telephone companies that may limit our and our distributors' ability to sell our products to those customers. Even if we were to sell our products to those customers, it would likely not be based on long-term commitments, and those customers would be able to terminate their relationships with us at any time without significant penalties.

We depend on a limited number of third parties to manufacture, assemble and supply our products.

We obtain many components and modules necessary for the manufacture or integration of our products from a sole supplier or a limited group of suppliers, with whom we do not generally maintain long-term agreements. Our reliance on sole or limited suppliers involves several risks, including the inability to obtain an adequate supply of required components or modules and reduced control over pricing, quality and timely delivery of components. For example, we depend exclusively on Broadcom for one of the chipsets in our CMTS product. Our ability to deliver our products on a timely basis to our customers would be materially adversely impacted if we needed to find alternative replacements for the chipsets, central processing units or power supplies that we use in our products. Significant time and effort would be required to locate new vendors for these alternative components, if alternatives are even available to us. In addition, the lead times associated with certain components are lengthy and preclude rapid changes in quantity requirements and delivery schedules.

In addition, increased demand by third parties for the components we use in our products may lead to decreased availability and higher prices for those components, since we carry little inventory of our products and product components. As a result, we may not be able to secure sufficient components at reasonable prices or of acceptable quality to build products in a timely manner, which would impact our ability to deliver products to our customers, and our business, operating results and financial condition would be adversely affected.

We currently rely on a single contract manufacturer, ACT Corporation, to assemble our products, manage our supply chain and negotiate component costs for our CMTS products. Likewise, we rely exclusively on Flextronics to assemble our products, manage our supply chain and negotiate component costs for our video products. Our reliance on these contract manufacturers reduces our control over the assembly process, exposing us to risks, including reduced control over quality assurance, production costs and product supply. If we fail to manage our relationships with these contract manufacturers effectively, or if these contract manufacturers experience delays, disruptions, capacity constraints or quality control problems in their operations, our ability to ship products to our customers could be impaired and our competitive position and reputation could be harmed. If contract manufacturers are unable to negotiate with their suppliers for reduced component costs, our operating results would be harmed. If we

are required to change contract manufacturers, we may lose net revenues, incur increased costs and damage our customer relationships. Qualifying a new contract manufacturer and commencing volume production are expensive and time-consuming.

We must manage the expected growth in our business effectively even if our infrastructure, management and resources might be strained.

We have experienced rapid growth in our business in recent periods. This growth and any future growth will likely place a significant strain on our resources. For example, we are currently planning to hire additional development, sales, customer support, marketing and administrative personnel. In addition, we may need to expand and otherwise improve our internal systems, including our management information systems, customer relationship and support systems, and operating, administrative and financial systems and controls. This effort may require us to make significant capital expenditures or incur significant expenses, and divert the attention of management, sales, support and finance personnel from our core business operations, which may adversely affect our financial performance in future periods. Moreover, our growth has resulted, and any future growth will result, in increased responsibilities of management personnel. Managing this growth will require substantial resources that we may not have or otherwise be able to obtain.

Our products must interoperate with many software applications and hardware found in our customers' networks. If we are unable to ensure that our products interoperate properly, our business would be harmed.

Our products must interoperate with our customers' existing networks, which often have varied and complex specifications, utilize multiple protocol standards, software applications and products from multiple vendors, and contain multiple generations of products that have been added over time. As a result, we must continually ensure that our products interoperate properly with these existing networks. To meet these requirements, we must undertake development efforts that require substantial capital investment and the devotion of substantial employee resources. We may not accomplish these development efforts quickly or cost-effectively, if at all. For example, our products currently interoperate with set-top boxes marketed by vendors such as Scientific Atlanta and Motorola and with VOD servers marketed by SeaChange and C-COR. If we fail to maintain compatibility with these set-top boxes, VOD servers or other software or equipment found in our customers' existing networks, we may face substantially reduced demand for our products, which would adversely affect our business, operating results and financial condition.

We have entered into interoperability arrangements with a number of equipment and software vendors for the use or integration of their technology with our products. In these cases, the arrangements give us access to and enable interoperability with various products in the digital video market that we do not otherwise offer. If these relationships fail, we will have to devote substantially more resources to the development of alternative products and the support of our products, and our efforts may not be as effective as the combined solutions with our current partners. In many cases, these parties are either companies with which we compete directly in other areas, such as Motorola, or companies that have extensive relationships with our existing and potential customers and may have influence over the purchasing decisions of these customers. A number of our competitors have stronger relationships with some of our existing and potential partners and, as a result, our ability to have successful partnering arrangements with these companies may be harmed. Our failure to establish or maintain key relationships with third party equipment and software vendors may harm our ability to successfully sell and market our products. We are currently investing, and plan to continue to invest, significant resources to develop these relationships. Our operating results could be adversely affected if these efforts do not generate the revenues necessary to offset this investment.

In addition, if we find errors in the existing software or defects in the hardware used in our customers' networks or problematic network configurations or settings, as we have in the past, we may have to modify our software or hardware so that our products will interoperate with our customers' networks. This could cause longer installation times for our products and could cause order cancellations, either of which would adversely affect our business, operating results and financial condition.

Our failure to adequately protect our intellectual property and proprietary rights may adversely affect us.

We hold numerous issued U.S. patents and have a number of patent applications pending in the United States and foreign jurisdictions. Although we attempt to protect our intellectual property rights through patents, trademarks, copyrights, licensing arrangements, maintaining certain technology as trade secrets and other measures, we cannot assure you that any patent, trademark, copyright or other intellectual property rights owned by us will not be invalidated, circumvented or challenged, that such intellectual property rights will provide competitive advantages to us or that any of our pending or future patent applications will be issued with the scope of the claims sought by us, if at all. Despite our efforts, other competitors may be able to develop technologies that are similar or

superior to our technology, duplicate our technology or design around the patents that we own. In addition, effective patent, copyright and trade secret protection may be unavailable or limited in certain foreign countries in which we do business or may do business in the future.

The steps that we have taken may not be able to prevent misappropriation of our technology. In addition, we may take legal action to enforce our patents and other intellectual property rights, protect our trade secrets, determine the validity and scope of the proprietary rights of others, or to defend against claims of infringement or invalidity. Such litigation could result in substantial costs and diversion of resources and could negatively affect our business, operating results and financial condition.

In order to successfully develop and market certain of our planned products, we may be required to enter into technology development or licensing agreements with third parties. Although companies may be willing to enter into technology development or licensing agreements, such agreements may not be negotiated on terms acceptable to us, or at all. Our failure to enter into technology development or licensing agreements, when necessary, could limit our ability to develop and market new products and could cause our business to suffer.

Our use of open source and third-party software could impose limitations on our ability to commercialize our products.

We incorporate open source software into our products, including certain open source code which is governed by the GNU General Public License, Lesser GNU General Public License and Common Development and Distribution License. The terms of many open source licenses have not been interpreted by U.S. courts, and there is a risk that these licenses could be construed in a manner that could impose unanticipated conditions or restrictions on our ability to commercialize our products. In such event, we could be required to seek licenses from third parties in order to continue offering our products, make generally available, in source code form, proprietary code that links to certain open source modules, re-engineer our products, discontinue the sale of our products if re-engineering could not be accomplished on a cost-effective and timely basis, or become subject to other consequences, any of which could adversely affect our business, operating results and financial condition.

We may also find that we need to incorporate certain proprietary third-party technologies, including software programs, into our products in the future. However, licenses to relevant third-party technology may not be available to us on commercially reasonable terms, if at all. Therefore, we could face delays in product releases until alternative technology can be identified, licensed or developed, and integrated into our current products. These delays, if they occur, could materially adversely affect our business, operating results and financial condition.

We may face intellectual property infringement claims from third parties.

Our industry is characterized by the existence of an extensive number of patents and frequent claims and related litigation regarding patent and other intellectual property rights. From time to time, third parties have asserted and may assert patent, copyright, trademark and other intellectual property rights against us or our customers. Our suppliers and customers may have similar claims asserted against them. We have agreed to indemnify some of our suppliers and customers for alleged patent infringement. The scope of this indemnity varies, but, in some instances, includes indemnification for damages and expenses including reasonable attorneys' fees. Any future litigation, regardless of its outcome, could result in substantial expense and significant diversion of the efforts of our management and technical personnel. An adverse determination in any such proceeding could subject us to significant liabilities, temporary or permanent injunctions or require us to seek licenses from third parties or pay royalties that may be substantial. Furthermore, necessary licenses may not be available on satisfactory terms, or at all.

Our business is subject to the risks of warranty returns, product liability and product defects.

Products like ours are very complex and can frequently contain undetected errors or failures, especially when first introduced or when new versions are released. Despite testing, errors may occur. Product errors could affect the performance of our products, delay the development or release of new products or new versions of products, adversely affect our reputation and our customers' willingness to buy products from us and adversely affect market acceptance or perception of our products. Any such errors or delays in releasing new products or new versions of products or allegations of unsatisfactory performance could cause us to lose revenue or market share, increase our service costs, cause us to incur substantial costs in redesigning the products, subject us to liability for damages and divert our resources from other tasks, any one of which could materially adversely affect our business, results of operations and financial condition. Our products must successfully interoperate with products from other vendors. As a result, when problems occur in a network, it may be difficult to identify the sources of these problems. The occurrence of hardware and software errors, whether or not caused by our products, could result in the delay or loss

of market acceptance of our products, and therefore delay our ability to recognize revenue from sales, and any necessary revisions may cause us to incur significant expenses. The occurrence of any such problems could harm our business, operating results and financial condition.

Although we have limitation of liability provisions in our standard terms and conditions of sale, they may not fully or effectively protect us from claims as a result of federal, state or local laws or ordinances or unfavorable judicial decisions in the United States or other countries. The sale and support of our products also entails the risk of product liability claims. We maintain insurance to protect against certain claims associated with the use of our products, but our insurance coverage may not adequately cover any claim asserted against us. In addition, even claims that ultimately are unsuccessful could result in our expenditure of funds in litigation and divert management's time and other resources.

Our ability to sell our products is highly dependent on the quality of our support and services offerings, and our failure to offer high-quality support and services would have a material adverse effect on our sales and results of operations.

Once our products are deployed within our customers' networks, our customers depend on our support organization to resolve any issues relating to our products. If we or our channel partners do not effectively assist our customers in deploying our products, succeed in helping our customers quickly resolve post-deployment issues and provide effective ongoing support, our ability to sell our products to existing customers would be adversely affected and our reputation with potential customers could be harmed. In addition, as we expand our operations internationally, our support organization will face additional challenges including those associated with delivering support, training and documentation in languages other than English. Our failure to maintain high-quality support and services would have a material adverse effect on our business, operating results and financial condition.

Competition for qualified personnel, particularly management and research and development personnel, is intense. In order to manage our expected growth, we must be successful in attracting and retaining qualified personnel.

Our future success will depend on the ability of our management to operate effectively, both individually and as a group. We are dependent on our ability to retain and motivate high caliber personnel, in addition to attracting new personnel. The loss of any of our senior management or other key product development or sales and marketing personnel could adversely affect our future business, operating results and financial condition. In addition, a large number of our research and product development personnel have broad expertise in video algorithms, radio frequency and digital video standards that is vitally important in our product development efforts. If we were to lose a significant number of these research and development employees, our ability to develop successful new products would be harmed, and our revenues and operating results would likely suffer as a result. Competition for qualified management, technical and other personnel can be intense, and we may not be successful in attracting and retaining such personnel. While our employees are required to sign standard agreements concerning confidentiality and ownership of inventions, we generally do not have employment contracts or non-competition agreements with our personnel. The loss of the services of any of our key personnel, the inability to attract or retain qualified personnel in the future or delays in hiring required personnel, particularly senior management and engineers and other technical personnel, could negatively affect our business, operating results and financial condition.

Our further expansion into international markets may not succeed.

International sales represented $5.5 million of our net revenues for the three months ended March 31, 2007 and $6.0 million of our net revenues for the three months ended March 31, 2006. We intend to continue expanding into international markets. We are currently expanding our indirect sales channels in Europe and Asia through distributor and reseller arrangements with third parties. However, we may not be able to successfully enter into additional reseller and/or distribution agreements and/or may not be able to successfully manage our product sales channels. In addition, many of our resellers also sell products from other vendors that compete with our products and may choose to focus on products of those vendors. Additionally, our ability to utilize an indirect sales model in these international markets will depend on our ability to qualify and train those resellers to perform product installations and to provide customer support. If we fail to develop and cultivate relationships with significant resellers, or if these resellers are not successful in their sales efforts whether because they are unable to provide support or otherwise, we maybe unable to grow or sustain our revenue in international markets.

Our continued growth will require further expansion of our international operations in Europe, Asia Pacific and other markets. We are presently establishing a small research and development presence in China. Managing research and development operations in numerous locations requires substantial management oversight. If we are unable to expand our international operations successfully and in a timely manner, our business, operating results and financial condition may be harmed. Such expansion may be more difficult or take longer than we anticipate, and we may not be able to successfully market, sell, deliver and support our products internationally.

Our international operations, the international operations of our contract manufacturers and our outsourced development contractors, and our efforts to increase sales in international markets, are subject to a number of risks, including:

- political and economic instability;
- unpredictable changes in foreign government regulations and telecommunications standards;
- legal and cultural differences in the conduct of business;
- import and export license requirements, tariffs, taxes and other trade barriers;
- inflation and fluctuations in currency exchange rates;
- difficulty in collecting accounts receivable;
- potentially adverse tax consequences;
- the burden of complying with a wide variety of foreign laws, treaties and technical standards;
- difficulty in protecting our intellectual property;
- acts of war or terrorism and insurrections;
- difficulty in staffing and managing foreign operations; and
- changes in economic policies by foreign governments.

The effects of any of the risks described above could reduce our future revenues from our international operations.

Regional instability in Israel may adversely affect business conditions and may disrupt our operations and negatively affect our operating results.

A substantial portion of our research and development operations and our contract manufacturing occurs in Israel. As of March 31, 2007, we had 189 full-time employees located in Israel. In addition, we have additional capabilities at this facility consisting of customer service, marketing and general and administrative employees. Accordingly, we are directly influenced by the political, economic and military conditions affecting Israel, and any major hostilities, such as the recent hostilities in Lebanon, involving Israel or the interruption or curtailment of trade between Israel and its trading partners could significantly harm our business. The September 2001 terrorist attacks, the ongoing U.S. war on terrorism and the terrorist attacks and hostilities within Israel have heightened the risks of conducting business in Israel. In addition, Israel and companies doing business with Israel have, in the past, been the subject of an economic boycott. Israel has also been and is subject to civil unrest and terrorist activity, with varying levels of severity, since September 2000. Security and political conditions may have an adverse impact on our business in the future. Hostilities involving Israel or the interruption or curtailment of trade between Israel and its trading partners could adversely affect our operations and make it more difficult for us to recruit qualified personnel in Israel.

In addition, most of our employees in Israel are obligated to perform annual reserve duty in the Israel Defense Forces and several were called for active military duty in connection with the hostilities in Lebanon in mid-2006. Should hostilities in the region escalate again, some of our employees would likely be called to active military duty, possibly resulting in interruptions in our sales and development efforts and other impacts on our business and operations which we cannot currently assess.

We may engage in future acquisitions that dilute the ownership interests of our stockholders, cause us to incur debt or assume contingent liabilities.

As part of our business strategy, from time to time, we review potential acquisitions of other businesses, and we expect to acquire businesses, products, or technologies in the future. In the event of any future acquisitions, we could:

- issue equity securities which would dilute current stockholders' percentage ownership;
- incur substantial debt;
- assume contingent liabilities; or
- expend significant cash.

These actions could harm our business, operating results and financial condition, or the price of our common stock. Moreover, even if we do obtain benefits from acquisitions in the form of increased sales and earnings, there may be a delay between the time when the expenses associated with an acquisition are incurred and the time when we recognize such benefits. This is particularly relevant in cases where it is necessary to integrate new types of technology into our existing portfolio and where new types of products may be targeted for potential customers with which we do not have pre-existing relationships. Acquisitions and investment activities also entail numerous risks, including:

- difficulties in the assimilation of acquired operations, technologies and/or products;
- unanticipated costs associated with the acquisition transaction;
- the diversion of management's attention from other business;
- adverse effects on existing business relationships with suppliers and customers;
- risks associated with entering markets in which we have no or limited prior experience;
- the potential loss of key employees of acquired businesses;
- difficulties in the assimilation of different corporate cultures and practices; and
- substantial charges for the amortization of certain purchased intangible assets, deferred stock compensation or similar items.

We may not be able to successfully integrate any businesses, products, technologies or personnel that we might acquire in the future, and our failure to do so could have a material adverse effect on our business, operating results and financial condition.

We are subject to import/export controls that could subject us to liability or impair our ability to compete in international markets.

Our products are subject to U.S. export controls and may be exported outside the United States only with the required level of export license or through an export license exception, in most cases because we incorporate encryption technology into our products. In addition, various countries regulate the import of certain encryption technology and have enacted laws that could limit our ability to distribute our products or could limit our customers' ability to implement our products in those countries. Changes in our products or changes in export and import regulations may create delays in the introduction of our products in international markets, prevent our customers with international operations from deploying our products throughout their global systems or, in some cases, prevent the export or import of our products to certain countries altogether. Any change in export or import regulations or related legislation, shift in approach to the enforcement or scope of existing regulations, or change in the countries, persons or technologies targeted by such regulations, could result in decreased use of our products by, or in our decreased ability to export or sell our products to, existing or potential customers internationally.

In addition, we may be subject to customs duties and export quotas, which could have a significant impact on our revenue and profitability. While we have not encountered significant difficulties in connection with the sales of our products in international markets, the future imposition of significant increases in the level of customs duties or export quotas could have a material adverse effect on our business.

If we fail to comply with environmental regulatory requirements, our future revenues could be adversely affected.

We face increasing complexity in our product design and procurement operations as we adjust to new and upcoming requirements relating to the materials composition of many of our products. The European Union, or EU, has adopted certain directives to facilitate the recycling of electrical and electronic equipment sold in the EU, including the Restriction on the Use of Certain Hazardous Substances in Electrical and Electronic Equipment directive that restricts the use of lead, mercury and certain other substances in electrical and electronic products placed on the market in the EU after July 1, 2006. In connection with our compliance with these environmental laws and regulations, we have incurred substantial costs, including research and development costs, and costs associated with assuring the supply of compliant components from our suppliers. Similar laws and regulations have been proposed or may be enacted in other regions, including in the United States, China and Japan. Other environmental regulations may require us to reengineer our products to utilize components that are compatible with these regulations, and this reengineering and component substitution may result in additional costs to us or disrupt our operations or logistics.

New privacy laws and regulations or changing interpretations of existing laws and regulations could harm our business.

Governments in the United States and other countries have adopted laws and regulations regarding privacy and advertising that could impact important aspects of our business. In particular, governments are considering new limitations or requirements with respect to our customers' collection, use, storage and disclosure of personal information for marketing purposes. Any legislation enacted or regulation issued could dampen the growth and acceptance of addressable advertising which is enabled by our products. If the use of our products to increase advertising revenue is limited or becomes unlawful, our business, results of operations and financial condition would be harmed.

Recent accounting regulations related to equity compensation could adversely affect our earnings and our ability to attract and retain key personnel.

Since our inception, we have used stock options as a fundamental component of our employee compensation packages. We believe that our stock option plans are an essential tool to link the long-term interests of our stockholders and employees and serve to motivate management to make decisions that will, in the long run, give the best returns to stockholders. The Financial Accounting Standards Board has instituted changes to GAAP that require us to record a charge to earnings for employee stock option grants and employee stock purchase plan rights. In addition, NASDAQ Global Market, or NASDAQ, regulations requiring stockholder approval for all stock option plans could make it more difficult for us to grant options to employees in the future. To the extent that these or other new regulations make it more difficult or expensive to grant options to employees, we may incur increased compensation costs, change our equity compensation strategy or find it difficult to attract, retain and motivate employees, each of which could materially and adversely affect our business, operating results and financial condition.

Our business is subject to the risks of earthquakes, fire, floods and other natural catastrophic events, and to interruption by manmade problems such as computer viruses or terrorism.

Our corporate headquarters are located in the San Francisco Bay area, a region known for seismic activity. A significant natural disaster, such as an earthquake, fire or a flood, could have a material adverse impact on our business, operating results and financial condition. In addition, our servers are vulnerable to computer viruses, break-ins and similar disruptions from unauthorized tampering with our computer systems. In addition, acts of terrorism or war could cause disruptions in our or our customers' business or the economy as a whole. To the extent that such disruptions result in delays or cancellations of customer orders, or the deployment of our products, our business, operating results and financial condition would be adversely affected.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

(a) Between January 1, 2007 and March 19, 2007 (the date of filing of our registration statement on Form S-8, No. 333-141401), we granted stock options to purchase an aggregate of 1,511,835 shares of our common stock to employees, consultants, directors and other service providers with exercise prices ranging from $5.76 to $11.00 per share.

Between January 1, 2007 and March 19, 2007 (the date of filing of our registration statement on Form S-8, No.

333-141401), we issued and sold an aggregate of 431,388 shares of our common stock to employees, consultants, directors and other service providers for aggregate consideration of approximately $0.5 million under exercises of options previously granted under our stock plans.

In February 2007, we issued and sold 400,825 shares of our class B convertible common stock to an accredited investor for aggregate consideration of approximately $1.8 million, upon the exercise of a previously granted warrant. All such shares of our class B convertible common stock converted into shares of our common stock on a one-for-one basis upon the closing of our initial public offering.

In March 2007, we issued and sold an aggregate of 35,586 shares of our Series A-1 convertible preferred stock to two accredited investors upon the exercise of previously granted warrants, and we issued and sold 28,867 shares of our common stock to an accredited investor upon the exercise of a previously granted warrant. Each of these warrants was exercised on a cashless net exercise basis. All shares of our Series A-1 convertible preferred stock converted into shares of our common stock on a two-for-one basis upon the closing of our initial public offering.

None of the foregoing transactions involved any underwriters, underwriting discounts or commissions, or any public offering. We believe the offers, sales and issuances of the securities described above were exempt from registration under the Securities Act by virtue of Regulation D promulgated thereunder and/or Section 4(2) of the Securities Act because the issuance of securities to the recipients did not involve a public offering or in reliance on Rule 701 because the transactions were pursuant to compensatory benefit plans or contracts relating to compensation as provided under such rule or in reliance on Section 4(2) of the Securities Act because the issuance of securities to the recipients did not involve a public offering. The recipients of securities under compensatory benefit plans and contracts relating to compensation were our employees, directors or bona fide consultants and received the securities as compensation for services. Appropriate legends have been affixed to the securities issued in these transactions. We believe that each of the recipients of securities in these transactions had adequate access, through employment, business or other relationships, to information about us. When we have relied on Regulation D promulgated under the Securities Act, the purchasers of the unregistered securities have been accredited investors.

(b) On March 14, 2007, our registration statement (No. 333-139652) on Form S-1 was declared effective in connection with our initial public offering, pursuant to which we registered an aggregate of 12,305,000 shares of our common stock, of which we sold 7,500,000 shares and certain selling stockholders sold 4,805,000 shares, including the underwriters' over-allotment, at a price to the public of $13.00 per share. The offering closed on March 20, 2007, and, as a result, we received net proceeds of approximately $88.0 million (after underwriters' discounts and commissions of approximately $6.8 million and additional offering-related costs of approximately $2.7 million), and the selling stockholders received net proceeds of approximately $58.1 million (after underwriters' discounts and commissions of approximately $4.4 million). The co-managing underwriters of the offering were Morgan Stanley & Co. Incorporated and Merrill Lynch, Pierce, Fenner & Smith Incorporated.

No payments for such expenses were made directly or indirectly to (i) any of our officers or directors or their associates, (ii) any persons owning 10% or more of any class of our equity securities, or (iii) any of our affiliates. We did not receive any proceeds from the sale of shares in the initial public offering by the selling stockholders. In March 2007 and April 2007, we used $14.0 million of the net proceeds to repay the outstanding balances under the revolving line of credit and the term loan with Silicon Valley Bank. We expect to use the remaining net proceeds for working capital, capital expenditures and other general corporate purposes. We may also use a portion of our net proceeds to fund acquisitions of complementary businesses, products or technologies. However, we do not have agreements or commitments for any specific acquisitions at this time. Pending the uses described above, we intend to invest the net proceeds in a variety of short-term, interest-bearing, investment grade securities. There has been no material change in the planned use of proceeds from our initial public offering from that described in the final prospectus filed by us with the SEC pursuant to Rule 424(b) on March 15, 2007.

(c) None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

On February 15, 2007, we distributed a written consent to our stockholders requesting approval of (1) the split and reconstitution each four outstanding shares of all classes and series of capital stock into one share of the respective class and/or series of capital stock, and (2) the amendment of our certificate of incorporation to effect the reverse split. All such actions were effected pursuant to an action by written consent of our stockholders pursuant to

Section 228 of the Delaware General Corporation Law. Stockholders holding an aggregate of 34,379,327 shares of our capital stock voted by written consent in favor of all of these matters, such votes being a sufficient percentage of our capital stock necessary to approve such measures.

On March 5, 2007, we distributed a written consent to our stockholders requesting approval of the following matters in connection with our IPO: (1) the amendment and restatement of our certificate of incorporation that was to become (and later became) effective prior to the closing of our IPO, (2) the amendment and restatement of our certificate of incorporation to remove all references of class A and class B common stock and to various series of preferred stock outstanding prior to our IPO from the certificate of incorporation upon conversion of such shares into shares of common stock in connection with our IPO, (3) the amendment and restatement of our bylaws to provide certain changes consistent with our becoming a public company that was to become (and later became) effective prior to the closing of our IPO, (4) the adoption of our 2007 Equity Incentive Plan and our Employee Stock Purchase Plan, (5) the amendment of our 2003 Share Option and Incentive Plan to increase the shares authorized for issuance thereunder and (6) the adoption of our form of indemnification agreement to be entered into with our directors, officers and certain key employees. All such actions were effected pursuant to an action by written consent of our stockholders pursuant to Section 228 of the Delaware General Corporation Law. Stockholders holding an aggregate of 42,469,773 shares of our capital stock voted in favor of all of these matters, which constituted at least the required percentage of the of our capital stock entitled to vote on such matters, such votes being a sufficient percentage of our capital stock necessary to approve such measures.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

(a) Exhibits

3.1B	Form of Amended and Restated Certificate of Incorporation of the Registrant(1)
3.2B	Form of Amended and Restated Bylaws of the Registrant(1)
10.21B	Addendum to Lease Agreement dated March 20, 2007 (Tel Aviv, Israel)
31.1	Rule 13a-14(a)/15d-14(a) Certification of Principal Executive Officer
31.2	Rule 13a-14(a)/15d-14(a) Certification of Principal Financial Officer
32.1	Section 1350 Certification of Principal Executive Officer and Principal Financial Officer

The certification attached as Exhibit 32 that accompanies this Quarterly Report on Form 10-Q is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference.

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(1) Incorporated by reference to exhibit of same number filed with the Registrant's Registration Statement on Form S-1 (No. 333-139652) on December 22, 2006, as amended.

EXHIBIT 10.21B

AZRIELI CENTER

ADDENDUM TO TENANCY AGREEMENT

Signed in Tel Aviv on 20 th March, 2007

BETWEEN

Kanit HaShalom Investments Ltd.
Private Company No. 51-163315-8
Whose address for the purpose of this addendum shall be:
Azrieli Center
132 Petach Tikva Road, Tel Aviv
(hereinafter: "**the Lessor**")

Of the first part

AND

BIGBAND NETWORKS LTD.
Private Company No. 51-275107-4
(hereinafter: "**the Lessee**")
Whose address for the purpose of this addendum shall be:
Azrieli Center 2 Triangular Tower 36th Floor
132 Petach Tikva Road, Tel Aviv
Telephone: 03-6081986; Fax: 03-6081998

Of the second part

WHEREAS: on March 16, 2000 a tenancy agreement was signed between the Lessor and the Lessee concerning the office areas in the Triangular Tower in the Azrieli Center (hereinafter: "**the Tenancy Agreement**") and the following addenda to the Tenancy Agreement were also signed: an addendum dated October 10, 2000 (hereinafter: "Addendum A'1'"), an addendum dated February 21, 2002 (hereinafter: "Addendum A'2'"), an addendum dated April 29, 2002 (hereinafter: "Addendum A'3'"), an addendum dated October 28, 2002 (hereinafter: "Addendum A'4'"), an addendum dated July 1, 2003 (hereinafter: "Addendum A'5'"): an addendum dated March 23, 2005 (hereinafter: "Addendum A'6'"), an addendum dated September 5, 2005 (hereinafter: "Addendum A'7'"), an addendum dated December 11, 2005 (hereinafter: "Addendum A'8'"), and an addendum dated August, 2006 (hereinafter: "Addendum A'9'") (the Tenancy Agreement and all the Addenda A'1' – A'9' thereto shall hereinafter be collectively termed: "**the Main Agreement**"); and

WHEREAS: the parties wish to extend the Tenancy Agreement with respect to all the areas leased thereunder as at the date of the signing of this addendum, beyond the tenancy term which is due to expire on June 30, 2007 as specified in the Main Agreement (hereinafter: "**the Existing Leased Area**"), as specified hereinafter in this addendum.

ACCORDINGLY IT HAS BEEN DECLARED, STIPULATED AND AGREED BETWEEN THE PARTIES AS FOLLOWS:

1. All the terms and definitions appearing in this addendum shall have the same meaning as in the Main Agreement, unless expressly stated otherwise herein. This agreement shall be deemed to be part of the Main Agreement and all the conditions thereof shall apply thereto unless expressly stated otherwise herein.

   For the avoidance of doubt, it is hereby clarified that notwithstanding the contents of the Main Agreement, "the Existing Leased Area" shall refer to all the areas leased to the Lessee as at the date of the signing of this addendum, whether or not the Lessee has been granted an option to extend them pursuant to the Main Agreement, and the provisions of this addendum shall apply to the whole Existing Leased Area.

2. Upon expiry of the term of the tenancy on June 30, 2007, as stated in the Main Agreement, the term of the tenancy shall be extended with respect to the whole Existing Leased Area for a continuous additional period of 36 months commencing from July 1, 2007 until June 30, 2010 (hereinafter: "**the Extended Term of the Tenancy**").

3. Notwithstanding the aforesaid in Section 2 and in any other agreement, it is hereby agreed between the parties that until March 31, 2008, the Lessee shall have the right to give notice of the termination of the term of the tenancy and thereby terminate the Main Agreement prematurely with respect to the whole Existing Leased Area, subject to the following conditions:

   1. The Lessee has given the Lessor six months' notice in writing provided that said notice has not been given later than the first day of the beginning of each month.

   2. Together with the said notice the Lessee has paid the Lessor predetermined compensation in an amount equivalent to 2 NIS per month with respect to each square meter of the leased area plus linkage differentials and V.A.T. for each month and/or part thereof which have elapsed since the commencement of the Extended Term of the Tenancy until the date of termination of the Main Agreement and the Lessee's vacation of the Existing Leased Area.

4. It is hereby agreed that the rent in respect of the aforementioned Extended Term of the Tenancy shall amount to the equivalent of $16.66 (sixteen dollars and sixty six cents) per month for each square meter of the leased area plus V.A.T. and linkage differentials.

5. It is hereby agreed between the parties that in respect of all car parking facilities per month, the Lessee shall pay an amount equivalent to $151 during the Extended Term of the Tenancy plus linkage differentials and V.A.T. It is hereby clarified that the

Lessee shall pay in respect of all car parking facilities in its possession and occupied by it, and any arrangement to the contrary in the Tenancy Agreement and/or the addenda thereto with regard to any exemption from payment shall be null and void with effect from the commencement of the Extended Term of the Tenancy.

6. Notwithstanding all the provisions of the Main Agreement it is hereby agreed that the payments and/or sums specified above in US dollars shall be determined according to the representative rate of the US dollar known on the date of the signing of this addendum, which is 4.2 NIS plus linkage differentials to the Consumer Price Index (whereby the base index for this purpose shall be the index for the month of November, 2006 which was published on December 15, 2006 and not the base index prescribed in the Main Agreement).

7. It is hereby agreed between the parties that the whole Existing Leased Area shall be delivered to the Lessee in the same state as it was on the date of signing of this addendum (as is) without the Lessor being required to perform at its own expense any works whatsoever and without the Lessee having any claim and/or action in respect thereof against the Lessor and that all the construction and adjustment works, insofar as such may be required, shall be performed by and at the expense of the Lessee in accordance with the provisions of the Main Tenancy Agreement. It has further been agreed that the Lessee shall not be reimbursed for any expenses in respect of the performance of the adjustments made by the Lessee with respect to the premises on Floor 34 as stated in Section 2 of Addendum A '9' to the Main Agreement.

8. It has further been agreed that until December 12, 2007 the Lessee shall be granted the right (option) to extend the Main Tenancy Agreement in advance and in writing subject to rent identical to the one it shall be paying prior to the realization of this option linked to the Index for a period of 5 years (60 months) commencing from the termination of the Extended Term of the Tenancy with respect to the whole Existing Leased Area (hereinafter: "**the Additional Extended Term of the Tenancy**").

   In addition, the Lessee is hereby granted the right to request to increase the Existing Leased Area subject to the rent per square meter as prescribed in Section 4 above, during the course of the Additional Extended Term of the Tenancy, by the sizes prescribed and agreed with respect to the following areas only, (each of the aforementioned areas and/or all of them together) by giving the Lessor 9 months' notice in writing using one of the two following alternatives:

   1. The first alternative – insofar as there are any vacant areas which have not been leased in the Round Tower up to a maximum of 1,354 square meters and the size of the area which the Lessee wishes to increase is no less than 500 square meters (for each request for an increase) (hereinafter: "**the Round Tower Areas**").

      or

   2. The second alternative –

      a. 542 square meters + 28 square meters of the Existing Leased Area (the office of Regev Kvitzky) on Floor 34.

and/or

b. By 242 gross square meters (the office of Active Com), and/or 232 gross square meters (the office of Gal Investors Connections), and/or 248 gross square meters (the office of Hezekiah Hachmon) and/or 90 square meters (the office of Avalon Capital) all of which are on Floor 38 in the Triangular Tower.

In other words, according to the second alternative – by fixed parts with respect to an area of up to 1,354 gross square meters (on Floors 34 and 38 in the Triangular Tower) (the lessees in sub-sections a and b shall hereinafter together be termed: "**the Other Lessees**") or according to the first alternative – by the areas in the Round Tower as aforesaid insofar as such shall be vacant. It is the Lessee who shall elect according to which of the two aforementioned alternatives it shall act.

For the avoidance of doubt it is hereby clarified and agreed between the parties that the Lessor's consent to the Lessee's request to increase the size of the Existing Leased Area in accordance with the second alternative as aforesaid <u>shall be subject to and conditional upon the signing of a tenancy agreement</u> between the Lessor and the Other Lessees with respect to areas which shall not be smaller than their leased areas as at the date of the Lessor's consent to the Lessee's request to increase the size of the Leased Area as aforesaid, in other areas in the project.

For the avoidance of doubt it is hereby clarified and agreed that the areas of the Other Lessees (sub-sections a and b above) and the areas in the Round Tower, insofar as such shall be rented by the Lessee on the specified conditions, shall be delivered in the same state as they were on the date of delivery of possession thereof to the Lessee, namely (as is) without the Lessor being required to perform any works whatsoever at its own expense except the following, and subject to their being in a good state of repair and fit for use:

* If the Lessee elects to realize its right pursuant to the second alternative above, then during the Additional Extended Term of the Tenancy the Lessee shall be granted a budget of up to $78 plus V.A.T. per gross square meter in respect of each additional gross square meter by which the Lessee shall increase the Existing Leased Area as aforesaid (namely in respect of each additional gross square meter in addition to the Existing Leased Area rented by it as at the date of the signing of this addendum, viz. – the tenancy of the areas of the Other Lessees) and up to a total amount of $106,600 plus V.A.T. in respect of all the areas of the Other Lessees as aforesaid for the purpose of performing the completion works in the areas [specified] in sub-sections a and b in order to adjust them to the Lessee's requirements. It is hereby clarified that the budget for the works shall be used solely and exclusively for the purpose of performing the infrastructure and completion works in the Premises and not for the purchase of any equipment and/or moveable furniture whatsoever.

It is hereby agreed between the parties that the Lessee shall receive the budget for the aforementioned works after 30 days have elapsed since the completion of the performance of the works by it with respect to each and every area of the Other Lessees and its entry into the Premises in each one of such areas and on condition that 30 days shall have elapsed since its demand in writing and against the due presentation of an invoice and a confirmation from the Lessor's engineer concerning the performance of the works in the areas of the Other Lessees up to the ceiling of the budget sum as aforesaid.

* For the avoidance of doubt it is hereby clarified that the Lessor shall not be granted any budget as aforesaid in respect of the tenancy of the additional leased areas by the Lessee. It has further been agreed that the rent and the management fees in respect of the additional leased areas shall amount to the equivalent of one half of the rent and the management fees paid by it prior to the tenancy of the additional leased areas.

9. It is hereby agreed that during the course of the aforementioned Additional Extended Term of the Tenancy the Lessee shall have the right to prematurely terminate the Main Agreement with respect to all the areas leased by it as at the date of the notice, subject to the following conditions:

1. The date of termination of the agreement as aforesaid shall not be before July 1, 2010.

2. The Lessee has given 6 months' notice in writing to the Lessor provided that this has been given no later than the first day at the beginning of each month.

3. Upon delivery of the notice the Lessee has paid the Lessor agreed compensation in the amount of $393 multiplied by the number of gross square meters by which the Lessee requested to increase the Existing Leased Area beyond the area rented by it as at the date of the realization of the option with the product (A – 1) plus V.A.T., provided that the Lessee has utilized the budget granted to it by the Lessor as aforesaid. It is hereby clarified that if the Lessee realizes the aforesaid first alternative – it shall not be obliged to pay any compensation whatsoever.

   Coefficient A – the number of years the Lessee has occupied the Premises which it has increased (namely the areas of the Other Lessees during the Extended Term of the Tenancy as defined above) until the termination of the agreement with each year representing 20%.

   For example: supposing that the Lessee realizes its right to terminate the term of the agreement two and a half years after the commencement of the date on which it increased its area by the area of the office of Regev Kvitzky and received possession of 528 gross square meters therein + 28 square meters of the Existing Leased Area only, accordingly the Lessee shall pay compensation as follows:

   Two and a half years = 2.5*20% = 50% therefore the compensation shall amount to: $393 (1 – 50%) * 528 square meters = $103752 plus V.A.T. No budget has been granted in respect of the Existing Leased Area and therefore no compensation will be charged.

Notwithstanding the aforesaid, it is hereby agreed between the parties that if the Lessee has acted in accordance with the second alternative and has increased the areas of the Premises using the areas of the Other Lessees as aforesaid in Section 8 (all or part thereof), in a manner that does not involve the signing of alternative tenancy agreements between the Lessor and such Other Lessees (namely, such areas which as at the time of increase thereof by the Lessee were vacant and did not require the Lessor to incur any expenses in respect of the relocation of such Other Lessees to other areas in the project), the amount of the agreed compensation as the product shall be reduced from $395 as specified above to $78 whereas the remainder of the compensation mechanism shall remain totally unchanged.

10. It is hereby agreed between the parties that all the options for extension of the tenancy terms, the possibilities of terminating the agreement prior the designated date, the increase and reduction of the other leased areas granted to the Lessee in the Tenancy Agreements and in the addenda thereto with respect to the leased area and/or part thereof shall be null and void with effect from the date of commencement of the Extended Term of the Tenancy.

11. **Leasing of Additional Area**

11.1 In addition, it is hereby agreed that commencing from March 10, 2006 the Lessee shall rent from the Lessor an area consisting of 140 square meters (gross) on Floor 31 of the Triangular Tower as marked in the plan attached to this addendum as Appendix "B" (hereinafter: "**the Area on Floor 31**").

11.2 It is hereby clarified that the Area on Floor 31 shall be delivered to the Lessee in the same state as it is on the date of signing of this addendum (as is) without the Lessor being required to perform at its own expense any works whatsoever and without the Lessee having any claim and/or action in respect thereof against the Lessor and that all the construction and adjustment works, insofar as these may be required, shall be performed by and at the expense of the Lessee in accordance with the provisions of the Main Tenancy Agreement. The Lessor confirms that it is aware that the Lessee intends to perform adjustment works in the Area on Floor 31 and it is renting this area subject to the Lessor's approval for the performance of the adjustment works. It has further been agreed that the Lessee shall not be reimbursed for any expenses in respect of the performance of the adjustments made by the Lessee with respect to the premises on Floor 31 as stated in Section 2 of Addendum A '9' of the Main Agreement.

11.3 The rent per square meter in respect of the Area on Floor 31 shall be in the amount prescribed in Section 4 above commencing from the date specified in Section 11.1 above. Notwithstanding the aforesaid, the Lessee shall be exempt from the payment of rent and management fees for the Area on Floor 31 in respect of the period commencing from March 10, 2007 until March 25, 2007, in order to grant the Lessee a period to become organized and to perform the works it requires in the Area on Floor 31 before it is occupied.

11.4 In addition, it is hereby clarified that adjacent to the Area on Floor 31 there is an additional area consisting of 64 square meters, which at the date of signing of this addendum is designated for leasing to some third party. It is hereby agreed that if the adjacent area as aforesaid shall not be leased to any third party as aforesaid, then following 14 days' notice from the Lessor to the Lessee the Lessee shall be obliged to rent the adjacent area as aforesaid on the same conditions as the ones specified above in this section. The Lessor confirms that it is aware that the Lessee intends to perform adjustment works in this area and it is renting this area subject to the Lessor's approval for the performance of the adjustment works. The Lessee shall be exempt from the payment of rent and management fees for this additional area for 14 days from the receipt of possession thereof in order to grant the Lessee a period to become organized and to perform the works it requires in the Area on Floor 31 before it is occupied.

11.5 It is hereby clarified that in the event that the Lessee realizes its right pursuant to Section 8 above, and increases the leased area according to the alternatives prescribed in the said section, it shall be entitled, if it so elects, to return to the possession of the Lessor the area which was leased to it pursuant to this Section 11, on the date on which it shall commence to rent the area pursuant to Section 8, and in accordance with the provisions regarding the return of the premises in accordance with the Tenancy Agreement.

12. The Lessee undertakes to provide the Lessor with a bank guarantee no later than June 30, 2007 for the Extended Term of the Tenancy, linked to the Consumer Price Index, in an amount equivalent to the rent and the management fees in respect of the whole leased area, for three months plus statutory V.A.T. The said bank guarantee shall remain valid until 3 months following the termination of the Term of the Tenancy in accordance with the provisions of the Main Agreement.

13. The Lessee further undertakes that by June 30, 2007, it shall extend the validity of the insurances which the Lessee has undertaken to take out pursuant to the Tenancy Agreement for the whole Extended Term of the Tenancy with respect to the whole leased area.

14. All the other provisions of the Main Agreement, as long as they have not been expressly amended and/or varied herein, shall [continue to] apply without any change.

IN WITNESS WHEREOF THE PARTIES HAVE SET THEIR HANDS ON THE ABOVE:

______________________	/s/ Robert Horton
The Lessor	**The Lessee**

EXHIBIT 31.1

CERTIFICATION

I, Amir Bassan-Eskenazi, certify that:

1. I have reviewed this quarterly report on Form 10-Q of BigBand Networks, Inc. (the "Registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the Registrant and have:

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(c) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: May 8, 2007

/s/ Amir Bassan-Eskenazi
Amir Bassan-Eskenazi
Chief Executive Officer
(*Principal Executive Officer*)

EXHIBIT 31.2

CERTIFICATION

I, Frederick Ball, certify that:

1. I have reviewed this quarterly report on Form 10-Q of BigBand Networks, Inc. (the "Registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the Registrant and have:

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(c) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: May 9, 2007

/s/ Frederick Ball
Frederick Ball
Chief Financial Officer
(Principal Financial Officer)

EXHIBIT 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
Pursuant to
18 U.S.C. Section 1350,
As Adopted pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

I, Amir Bassan-Eskenazi, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the quarterly report of BigBand Networks, Inc. on Form 10-Q for the quarterly period ended March 31, 2007, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such quarterly report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of BigBand Networks, Inc.

Date: May 8, 2007

/s/ Amir Bassan-Eskenazi
Amir Bassan-Eskenazi
Chief Executive Officer
(*Principal Executive Officer*)

CERTIFICATION OF CHIEF FINANCIAL OFFICER
Pursuant to
18 U.S.C. Section 1350,
As Adopted pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

I, Frederick Ball, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the quarterly report of BigBand Networks, Inc. on Form 10-Q for the quarterly period ended March 31, 2007, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such quarterly report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of BigBand Networks, Inc.

Date: May 9, 2007

/s/ Frederick Ball
Frederick Ball
Chief Financial Officer
(*Principal Financial Officer*)

*The forgoing certifications are being furnished to the U.S. Securities and Exchange Commission as an exhibit to the quarterly report on Form 10-Q for the quarterly period ended March 31, 2007 and accompany such Form 10-Q, and shall not be considered filed as part of such report.